

Senate Bill No. 845

CHAPTER 120

An act to add Section 69505.8 to the Education Code, relating to postsecondary education.

[Approved by Governor July 10, 2014. Filed with
Secretary of State July 10, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

SB 845, Correa. Postsecondary education: electronic disbursement of student financial aid.

Existing law provides for the missions and functions of the private and public segments of postsecondary education in the state. Existing law establishes various student financial aid programs for students attending segments of postsecondary education.

This bill would require the Board of Governors of the California Community Colleges and the Trustees of the California State University, and would request the Regents of the University of California and each governing body of an accredited private postsecondary educational institution, to develop, in consultation with stakeholders, one or more model contracts for use at their respective systems for the disbursement of a financial aid award, scholarship, campus-based aid award, or school refund on a debit, prepaid, or preloaded card, and to make these model contracts, and all binding contracts of this nature, publicly available on their respective Internet Web sites.

The bill would also require that each model contract consider the best interests of students and contain provisions that reflect conditions required for compliance with federal regulations governing the disbursement of federal financial aid.

The bill would also require the board of governors and the trustees, and would additionally request the regents and each governing body of an accredited private postsecondary educational institution, when developing each of their respective model contracts, to consider specified information.

The people of the State of California do enact as follows:

SECTION 1. Section 69505.8 is added to the Education Code, to read: 69505.8. (a) The Board of Governors of the California Community Colleges and the Trustees of the California State University shall, and the Regents of the University of California and each governing body of an accredited private postsecondary educational institution are requested to, develop one or more model contracts for use at their respective systems for

the disbursement of a financial aid award, scholarship, campus-based aid award, or school refund onto a debit card, prepaid card, or other preloaded card issued by a financial institution. Each model contract shall be developed in consultation with stakeholders including statewide student associations, individual campuses, and financial institutions that issue debit cards, prepaid cards, and preloaded cards and shall not be finalized before public comment is sought and considered.

(b) The board of governors and the trustees shall, and the regents and each governing body of an accredited private postsecondary educational institution are requested to, make every model contract developed under subdivision (a), and every binding contract negotiated by an educational institution under the jurisdiction of one of these governing bodies with a financial institution for the disbursement of a financial aid award, scholarship, campus-based aid award, or school refund onto a debit card, prepaid card, or preloaded card, publicly available on its Internet Web site.

(c) Every model contract developed under subdivision (a) shall consider the best interests of students and shall, at a minimum, contain provisions that reflect conditions required for compliance with federal regulations governing the disbursement of federal financial aid.

(d) When developing each model contract, the board of governors and the trustees shall, and the regents and each governing body of an accredited private postsecondary educational institution are requested to, consider all of the following:

(1) The number of on-campus locations and proximity of off-campus locations where a fee-free withdrawal could be made by a student using a debit card, prepaid card, or preloaded card.

(2) The type and size of fees a student would incur from debit, prepaid, or preloaded card use and whether provisions of the model contract ensure that the educational institution is provided information by the card-issuing financial institution to evaluate the costs of these fees to students.

(3) The impact, if any, that offering a card displaying the name or mascot of a campus or educational system would have on students, that campus, or that educational system.

(4) Whether provisions of the model contract ensure that the educational institution monitors compliance by the financial institution with federal Title IV requirements governing the disbursement of financial aid.

(5) Whether provisions of the model contract ensure a process for the tracking and resolution of student complaints about the card-issuing financial institution's credit delivery, customer service, and debit, prepaid, or preloaded cards.

(6) The impact, if any, of the content of a dispute resolution clause on students, their campus, and their educational system, if a conflict were to arise between a student and the card-issuing financial institution.

(7) Whether provisions of the model contract ensure that the educational institution does not disclose student information to the card-issuing financial institution beyond what is necessary to perform the contracted financial aid

award, scholarship, campus-based aid award, or school refund disbursement function.

(8) Whether provisions of the model contract ensure that the card-issuing financial institution does not solicit or collect information from a student that is not necessary to perform the contracted financial aid award, scholarship, campus-based aid award, or school refund disbursement function as a condition of allowing the student to access a financial aid award, scholarship, campus-based aid award, or school refund through a debit card, prepaid card, or preloaded card.